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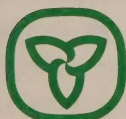
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What Landlords Should Know about a Rent Increase above Guideline




RENT CONTROL



Ontario

Ministry
of
Housing



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WHAT LANDLORDS SHOULD KNOW ABOUT A RENT INCREASE ABOVE GUIDELINE

INCREASING THE RENT...

BY THE GUIDELINE

Rents can increase once every 12 months, and **only** if the tenant is given a notice in writing at least 90 days before the increase. The notice must be in the proper form.

Rents can increase by a certain percentage, without approval from a Rent Officer. This amount is called the **guideline**.

The guideline is based on average increases in costs for running a building and includes a percentage for major repairs.

ABOVE GUIDELINE

In some circumstances, a landlord can apply to increase rents above the guideline to cover costs. The highest increase that can be approved in any year, is the guideline plus 3%.

The reasons for applying for a RENT INCREASE ABOVE GUIDELINE are:

1. There has been a large increase in the cost of heat, hydro, water, or property taxes for the building. This is called an **extraordinary operating cost**.

A rent increase can be approved if you can show your operating costs have substantially increased this year compared to last year.

2. The landlord did major work that involves renovation, repair, replacement or new addition to the building or a tenant's unit. This is called a **capital expenditure**.

In order to be eligible for a rent increase, the work must have been required to:

- protect or restore the building;
- meet municipal or provincial standards for property, health and safety or to protect the environment;
- continue to provide plumbing, heating, mechanical, electrical, ventilation or air-conditioning systems;
- provide access for persons with disabilities;
- increase energy or water conservation

The cost is spread over the useful life of the capital expenditure and includes labour and borrowing costs.

A capital expenditure will not be allowed if it was required because of neglect or the item did not need to be replaced.

3. The landlord has received consent from a tenant to make improvements to his or her unit or to add services.

If you have work done in specific units or new services added, consent must be given by the tenants occupying those units, in order that costs will be considered on an application for a rent increase above guideline.

For example, some tenants want new refrigerators and stoves and consent to have the old ones replaced. The landlord can apply for an increase in rent.

A landlord can make an Application for Advance Determination (Form 7). A Rent Officer will decide whether the proposed work is eligible and determine the costs which may be allowed if the work is done. If it's for work done in a tenant's unit, the Rent Officer will find out if the tenant agreed to it. **An Application for a Rent Increase Above Guideline (Form 6) must be made after the work is completed.**

When deciding about a rent increase, a Rent Officer may adjust the rent if the tenants have shown there is or has been:

- inadequate maintenance or repair;
- a reduction or discontinuance in a service or facility;
- an extraordinary operating cost decrease for the building.

When and where do I apply?

You must apply at least 90 days before the first rent increase is to take effect.

An application is filed with the Rent Control office in the area where the building is located.

You must give your tenants a copy of the application within 10 days of filing the application. You must still give tenants written Notice of Rent Increase, at least 90 days before their rent is to increase.

How do I apply?

You must complete an Application for a Rent Increase Above Guideline (Form 6) and Cost Statement (Form 8). A Cost Statement provides information about your costs. You must also attach invoices, receipts and other written evidence to support your application.

You must register the rents in your building before the Rent Control office will process your application.

What will happen with my application once I file it?

When the Rent Control office receives your application, a letter is sent to you and the tenants. This letter confirms that the Rent Control office received the application. The tenants are told that they have a right to inspect the information that you filed.

In some cases an application can be decided by review of the information by a Rent Officer without a hearing.

Usually, a Rent Officer will schedule a hearing. You and the tenants will be given notice of the time and place to attend.

At the hearing, anyone directly affected by the application will be given the opportunity to make submissions about the application. Information may be provided in writing or by speaking to the Rent Officer at the hearing. All information is available to the landlord and tenants to see and to comment on.

After all the information is considered by the Rent Officer, he or she will send out an Order with reasons for the decision. Everyone directly affected by the application will be sent a copy.

If the rent increase justified in the order is more than the guideline plus 3%, the remainder can be included in rent increases for an additional two years. You must request Rent Control to issue a **Notice of Carry Forward**. A Rent Officer must give approval for this increase.

After an order has been made for a rent increase above guideline, all future Notices of Rent Increase given by the landlord must include information about the landlord's cost for municipal taxes, heat, hydro and water for the previous two years.

RENT CONTROL OFFICES

MISSISSAUGA OFFICE

4 Robert Speck Parkway
Suite 550
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L4Z 1S1
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for Zenith 9-6000

SCARBOROUGH OFFICE

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HAMILTON OFFICE

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LONDON OFFICE

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BARRIE OFFICE

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KITCHENER OFFICE

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